



DEPARTMENT OF THE NAVY

PUGET SOUND NAVAL SHIPYARD
AND INTERMEDIATE MAINTENANCE FACILITY
1400 FARRAGUT AVENUE
BREMERTON, WASHINGTON 98314-5001

IN REPLY REFER TO:

5090

Ser 106.3/0225

MAY 23 2008



Mr. Michael J. Lidgard
U.S. Environmental Protection Agency
Region 10
1200 Sixth Avenue, Suite 900
Seattle WA 98101-3140

Reference: EPA letter Serial No. OWW-130, dated 5 May 2008

Dear Mr. Lidgard:

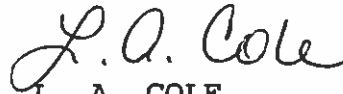
The referenced letter forwarded a working draft National Pollutant Discharge Elimination System (NPDES) permit and fact sheet. The letter indicated that: (1) the working draft permit and fact sheet were also provided to the Project Environmental Investment (ENVVEST) stakeholders, (2) comments on the working draft permit and fact sheet are to be provided by 30 May 2008, and (3) the EPA will initiate the public notice period of the draft permit immediately thereafter. These three issues concerned PSNS & IMF because they are inconsistent with the Final Project Agreement for ENVVEST and with an agreement reached at a meeting held approximately 18 months ago at EPA with PSNS & IMF and the Washington Department of Ecology (WDOE).

During the 8 May 2008 telephone conversation between PSNS & IMF personnel (L. Cole, S. Rupp, J. Sherrell) and EPA (M. Lidgard, T. Eaton), we discussed that the 5 May 2008 letter is contrary to our ENVVEST Final Project Agreement (FPA). The FPA was developed in partnership with EPA and signed by the EPA, PSNS & IMF, and WDOE. PSNS & IMF and the Project ENVVEST stakeholders have invested many years and a significant amount of money and manpower to obtain the information required by the FPA in Project ENVVEST Phase I. Per the FPA, during Phase II of Project ENVVEST, the Phase I data shall be reviewed and a proposal developed describing "an alternative process for regulating and monitoring Sinclair Inlet as a watershed versus the traditional NPDES regulations." The working draft permit, as it is currently written, follows the traditional NPDES regulations without taking into consideration the information acquired by Phase I of Project ENVVEST or a Phase II proposal required pursuant to the FPA. In this telephone conversation, EPA did not specifically acknowledge that the letter did not follow the FPA process, however, the EPA noted that the 30 day timeframe for review of the working draft permit "was flexible."

In light of EPA not acknowledging that the FPA was not fully considered relative to the draft permit, PSNS & IMF is concerned that the permitting section of EPA may not understand why the referenced letter is inconsistent with our FPA. PSNS & IMF has attempted to explain the Project ENVVEST to the NPDES Permit Unit several times. Approximately two years ago, the EPA began asking PSNS & IMF to submit a Phase II proposal. PSNS & IMF provided the outline of a Phase II proposal in a meeting held 30 November 2006. In this meeting, PSNS & IMF described why it needed to see a baseline NPDES permit that might be issued without ENVVEST in order to formulate a more detailed Phase II proposal. We explained that working from a baseline NPDES permit would allow us to seek the least regulatory flexibility necessary to result in an NPDES permit that meets our mission needs and infrastructure limitations, while still protecting the environment, as well or better than the traditional NPDES permit. Then, once we reached a Phase II Agreement, the baseline NPDES permit could be modified accordingly, and turned into a draft and then final permit.

To ensure that all parties understand that we are in the process of developing a Phase II proposal, rather than bypassing the ENVVEST FPA process and immediately pursuing a final NPDES permit, PSNS & IMF requests that the EPA issue a revised or new letter to each of the recipients of the referenced letter clarifying that: (1) the working draft permit and fact sheet originally provided are for the purpose of developing a Phase II agreement with the ENVVEST stakeholders; (2) further explain that, because the permit may change as a result of the Phase II agreement, the working draft NPDES permit attached to the referenced letter will not be released for public as alluded to in the 5 May letter, and (3) clarify that while comments and suggestions from ENVVEST stakeholders are always welcomed, PSNS & IMF will use the working draft permit to formulate a Phase II proposal that will be circulated to the ENVVEST stakeholders for analysis and comment before any agreement is reached.

We hope this letter adequately explains the basis for our concerns and that you agree that our request for a clarifying letter from the EPA is reasonable and prudent. PSNS & IMF plans to discuss these concerns during our 28 May 2008 meeting with EPA. If this raises any questions or concerns, please feel free to contact Steven Rupp, PSNS & IMF Environmental Division Head at telephone number (360) 476-6009.



L. A. COLE

Director, Environment,
Safety and Health Office

Copy to:

Ms. Jeanne Tran, Washington Dept. of Ecology
Mr. Tom Eaton, EPA Region 10 EPA Washington Office Director
Ms. Elin D. Miller, Administrator, EPA Region 10

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PUGET SOUND NAVAL SHIPYARD AND
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1400 FARRAGUT AVE
BREMERTON WA 98314-5001

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US ENVIRONMENTAL PROTECTION AGENCY REGION 10
ATTN MS ELIN D MILLER ADMINISTRATOR
1200 SIXTH AVENUE SUITE 900
SEATTLE WA 98101-3140



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